Russian Bank dealing with State Credit. In the meantime, in principle approval for consignment exports of tea to Russia under the debt repayment track has already been given by Reserve Bank of India.

Production of Textiles

4301. SHRI GORDHANBHAI JAVIA : Will the Minister of TEXTILES be pleased to state :

(a) the production of textiles in the country during each of the last three years; and

(b) the steps taken by the Government to improve the quality and quantity of the textile to make it more competitive in the international market ?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA): (a) The production of textiles (yarn and cloth) during the last 3 financial years in the country has been as under:

Financial Year	Production	
	Total Yarn (Spun + filament) (MN. Kg.)	Total cloth (Mn. Sg. Mtr)
1993-94	2530	27898
1994-95	2608	28606
1995-96	2978	31891

(b) The Indian textile industry comprises of various segments; namely mill sector, powerloom, handloom etc. Depending on the needs of each segment of the industry policy interventions involving formulation of financial and administrative steps by the government for various segments is a continuous process keeping in mind the broad objectives laid down in the Textile Policy 1985. The government have taken various steps from time to time to encourage textile production in each segment.

These include :

Liberalisation of licensing provision; fiscal restructuring; permitting import of textile machinery under OGL; and reduction of custom duty on such imports; research and development activities; setting up of laboratories facilities; simplification of quota system; setting up of BIFR to inquire into working of sick industrial units, and to prepare and sanction, as appropriate, scheme for revival mills; reserving certain items for manufacture by handloom sector only; by way of running Powerloom Service Centres, Computer Aided Design Centres; improving quality of textile products and boost their value addition through various Textile Research Associations; removal of restrictions on the creation and expansion of capacity, subject only to locational guidelines; working on various programmes for the promotion on export of the various segments of the Indian Textile Industry through various Export Promotion Councils under M/o Textiles; upgrading of testing facilities at the Textiles Committee and other Public Textile Laboratories to facili-tate quick, affordable and reliable tests result to the exporters; and promoting quality consciousness among exporters to promote acceptability of Indian goods abroad.

Formation of Regional Trade Groups

4302. SHRI SATYAJITSINH DULIPSINH GAEKWAD : Will the Minister of COMMERCE be pleased to state :

(a) whether the Government are aware that while World Trade Organisation strives towards global free trade, a contradictory process has been started by various regional power group forming themselves into regional trade blocs like the NAFTA, European Union APEC, ASEAN and other;

(b) whether the objective of these blocs is regional protection and trade-cooperation is opposed to free global trade; and

(c) the reaction of the Government in this regard and the action taken by the Government to protect the India's economic and trade interests in the face of these regional trade groups;

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) to (c) An important exception to the Most Favoured Nation (MFN) concept in the multilateral trading system established under the World Trade Organisation (WTO) is the General Agreement on Tariff and Trade (GATT) Article XXIV exception for customs unions and free trade areas. The trend towards regional integration implicit in this has uncertain consequences for the multilateral trading system, as the consequences would be a balance of trade creation and trade diversion effects of the preferential trading arrangements.

A Committee on Regional Trade Agreements that has been set up in the WTO on 6 February 1996 will, inter alia, carry on an examination of regional trade agreements and consider the systemic implications of such agreements and regional initiatives for the multilateral trading system and the relationship between them. Membership of this Committee is open to all WTO Members.

Overdraft by States

4303. SHRI V. PRADEEP DEV :
SHRI DATTA MEGHE :
DR. LAXMINARAYAN PANDEY :

Will the Minister of FINANCE be pleased to state :

(a) the States which have taken overdraft from the Reserve Bank of India during 1996-97 alongwith the amount taken in each case alongwith the reasons therefor;

(b) whether the R.B.I. has dishonoured the cheques of some of the State;

(c) if so, the details thereof alongwith the reasons therefor;

(d) the amount of advance released by the Union Government to the States facing financial crises during the above period, Statewise; and

(e) the steps suggested by the Union Government to the States to avoid the overdraft situation ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) to (c) The position of cash balances and overdrawal, if any, of State Governments may vary from day-to-day and State to State. Transactions between a State and the R.B.I. is conducted as per an agreement between the two. Since it is a matter of relationship between the banker and the client (between the R.B.I. and the State Government), such information is not publicised by the Government of India.

(d) A statement is attached giving details upto February, 1997.

(e) The State Governments are advised, from time to time, to take various measures for control of non-essential expenditure, to improve collection of revenue and raise additional resources to have a sound financial position and to avoid overdraft.

Statement

Sl.No.	State	Date of release	Amount release (Rs. in crores)	Type of release
1	2	3	4	5
1.	Andhra Pradesh	28 June, 1996	200.00	Ways & Means advance
		24 Oct., 1996	26.72	-do-
		11 Nov., 1996	50.00	-do-
2.	Assam	19 June, 1996	2.00	-do-
		30 Aug., 1996	20.82	Adv. release of Central Assistance
		27 Sept, 1996	30.64	-do-
		25 Oct., 1996	38.25	-do-
		30 April, 1996	66.60	-do-
		16 May, 1996	95.84	-do-
		19 June, 1996	95.82	-do-
		31 June, 1996	45.00	-do-
		30 April, 1996	95.83	-do-
		27 Sept., 1996	95.83	-do-
		28 Oct., 1996	95.83	-do-
		28 Nov., 1996	96.81	-do-
		30 Dec., 1996	96.81	-do-
		29 Jan., 1997	96.81	-do-
		27 Feb., 1997	155.00	-do-

1	2	3	4	5
3.	Himachal Pradesh	11 April, 1996	53.10	Ways Means advance
4.	Jammu & Kashmir	24 April, 1996	58.24	Advance release of NCA
		27 May, 1996	116.87	-do-
		28 June, 1996	97.57	-do-
		26 July, 1996	116.87	-do-
		29 Aug., 1996	116.87	-do-
		27 Sept, 1996	116.87	-do-
		28 Oct., 1996	116.87	-do-
		28 Nov., 1996	116.87	-do-
		28 Dec., 1996	108.12	-do-
		29 Jan., 1997	122.30	-do-
		26 Feb., 1997	50.00	-do-
		24 April, 1996	56.76	Advance release of share in Cer taxes
		29 Nov., 1996	68.67	-do-
		29 Jan,, 1996	68.67	-do-
		26 Feb., 1996	126.00	-do-
5.	Manipur	11 April, 1996	22.80	Ways & Means Adv.
		30 April, 1996	16.00	Adv. release of share
		20 Dec., 1996	19.13	in Central Taxes
6.	Mizoram	8 April, 1996	25.50	Ways & Means Adv.
		25 July., 1996	0.75	-do-
7.	Punjab	11 April, 1996	51.10	Ways & Means Advance
		11 April, 1996	170.70	-do-
8.	Rajasthan	11 April, 1996	127.70	-do-
		17 Dec., 1996	33.00	-do-
		20 Jan., 1997	143.64	Advance release of NCA
		15 April, 1996	9.00	-do-
		5 June, 1996	37.30	-do-
		1 Oct., 1996	37.30	-do-
9.	Sikkim	19 June, 1996	15.00	Ways & Means Advance

[Translation]

New Credit Policy

4304. SHRI SHIVRAJ SINGH
SHRI RAMESHWAR PATIDAR

Will the Minister of FINANCE be pleased to state :

(a) whether the Reserve Bank of India has recently announced a new credit policy.

(b) if so the objectives thereof and the details of the changes make in the new policy in comparison to the previous policy; and

(c) the extent to which the control on financial sector is likely to be relaxed as a result thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) to (c) The monetary and credit policy for the second half of 1996-97 was announced by the Reserve Bank of India (RBI) on October 19, 1996 The monetary and credit policy package aims, interalia, at further lowering of premptions by reducing reserve requirements, enhancing interest rate flexibility, ensuring credit support to important sectors such as agriculture, small scale industry and exports, freeing the banking system to provide foreign currency loans to its customers, freeing banks to set down their own ground rules for consortium lending arrangements and allowing banks to purchase share/debentures in secondary market.

The salient features of the policy were as follows:-

(i) Lowering of the Cash Reserve Ratio by 2 percentage points between October 1996 and January, 1997 in four equal phases of 0.5 percentage points each with effect from the fortnights beginning October 26, 1996, November 9, 1996, January 4, 1997 and January 18, 1997 respectively.

(ii) Lowering of the export credit refinance limits of banks from the fortnight beginning November 9, 1996.

(iii) Raising the target for export credit by 2 percentage points to 12 per cent of net bank credit to be achieved by the end of March, 1997.

(iv) Lowering the ceiling interest rate on term deposits of 30 days and upto one year by one percentage point to 'not exceeding 10.0 per cent per annum' effective October 21, 1996.

(v) Rationalisation of the interest rate prescription on post-shipment export credit effective from October 21,1996, whereby a larger part of export credit would be required to be provided at lower interest rate.

(vi) Advice to banks to announce the maximum spread over Prime Lending Rate (PLR) that they would charge borrowers in the category (with credit limits of over Rs. 2 lakh) to whom PLR stipulations apply. (PLR is the minimum rate applicable to large borrowers with credit limits over Rs. 2 lakhs).

(vii) Exemption from selective credit controls for commodities which were subject to the controls, except buffer stocks and unreleased stocks of sugar to sugar mills, with effect from October 21, 1996. The minimum margins on unreleased stocks of sugar was lowered by 5 per cent effective October 121, 1996. In the case of buffer stock of sugar, the prescription of a zero per cent margin would continue.

(viii) Permitting banks to provide foreign currency denominated loans to their customers out of their resources under the Foreign Currency Non-Resident (Banks) (FCNR) (B) deposit scheme.

(ix) Freeing banks to lay down their own ground rules for consortium lending arrangements.

(x) Extending the coverage of the loan system for delivery of credit and modifying the scheme to impart more flexibility.

(xi) Allowing banks to purchase shares and debentures in the secondary market within the existing ceiling of 5 percent of the incremental deposits in the previous year (for purchases) including from the primary market and through development through underwriting and investments in mutual funds.

Further, in order to encourage borrowers to switch over to Loan System of Credit Delivery, banks were advised in February 1997 that they could prescribe PLRs and epreads over PLRs separately for Loan Component and Cash Credit Component in the Credit Delivery System with approval of their respective Boards.

Financial crises in PSUs

4305. SHRI RAM TAHAL CHAUDHARY : Will the Minister of INDUSTRY be pleased to state :

(a) the number of Public Sector Undertakings facing grave financial crises;

(b) whether some units of Public Sector do not have working capital and if so, the details of such units; and